5 Year Risk Assessment of City Operations for Audit purposes

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Why undertake a risk assessment?

- Neither cost-effective nor practical to audit everything

- Risk-based approach to select
  - Operational unit
  - Lines of inquiry

- Similar to other audit offices.
- Required by audit standards

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What is a risk assessment?

Risk = Impact X Probability

'Impact' factors include:

- Financial, contractual, legal exposure, impact on public services, reputational risks

Probability factors include:

- the state of the city operations
- complexity, staff qualifications
- alignment to their strategic objectives, business plans
- adequacy of governance documents, susceptibility to fraud

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What is assessed

- 188 organizational units across the City, including Agencies and Corporations

- Excludes Police, Library and Board of Health

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Workplan Process

Source of Updates?
- Council requested,
- Operational requests,
- Auditor noted

Consider adding projects

Examples of factors considered when adding or deleting projects: Risk ranking, time sensitivity, impact on other projects, emerging issues, resource availability

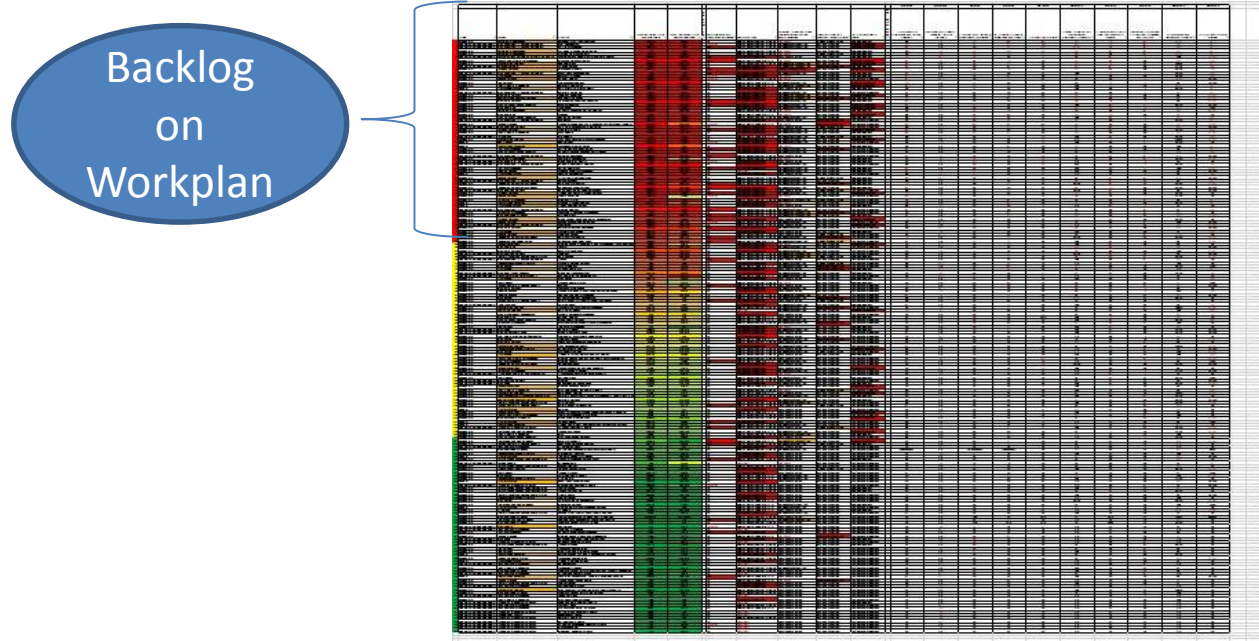**5 year risk assessment (inventory of projects)**

Annual analysis of projects

Annual Updated Workplan

Projects deleted

May 22, 2015
Risk Assessment

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What we identified

- 200 operational areas identified for consideration
- Ranked as:
  - High (some listed in audit backlog), Medium, Low

Backlog on Workplan

Results ranking

- Ranking informs the AG about possible high 'inherent' risks

  – **Does not mean that something is wrong – Just means that it is important to take a closer look**

- AG provides assurances to City Council that the unit or project is operating effectively.